

FORD MOTOR COMPANY OF CANADA,
L I M I T E D

[Incorporated under the Dominion Companies Act]

WINDSOR ONTARIO

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FORD MOTOR COMPANY OF CANADA, LIMITED

DIRECTORS

EDSEL B. FORD, *Chairman of the Board*

W. R. CAMPBELL, *President and Treasurer*

G. E. DICKERT, *First Vice-President*

P. E. MARTIN, *Second Vice-President*

HENRY FORD

D. B. GREIG, *Secretary and Assistant Treasurer*

G. G. KEW, *Assistant Secretary*

AUDITORS

CLARKSON, GORDON, DILWORTH & NASH

STATEMENT OF INCOME AND EXPENDITURE

For the year ended December 31st, 1937

Net operating profit of the Canadian factory and branches after all charges, including provision for depreciation \$608,174.83, remuneration to executive officers \$257,600.00, solicitors' fees \$18,962.33 and directors' fees \$3,000.00 .	\$ 672,205.55	
Portion of the aggregate operating profits for the year 1937 of overseas subsidiary automobile manufacturing and distributing companies, withdrawn in the form of dividends received .	<u>3,429,489.43</u>	\$ 4,101,694.98
Add:		
Interest on bonds . . .	194,456.02	
Net profit on sale of investments and fixed assets . . .	<u>79,517.06</u>	<u>273,973.08</u>
Net profit before income taxes .		4,375,668.06
Provision for income taxes:		
Payable in Canada . . .	568,277.21	
Payable elsewhere . . .	<u>34,347.44</u>	<u>602,624.65</u>
Net profit for the year		<u>\$ 3,773,043.41</u>

STATEMENT OF EARNED SURPLUS

December 31st, 1937

Earned surplus

December 31st, 1936	.		\$ 18,825,807.10
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Net profit for the year ended

December 31st, 1937	.		3,773,043.41
			22,598,850.51

Deduct :

Dividends paid :

Class "A" shares	.	.	\$ 1,588,960.00	
Class "B" shares	.	.	70,000.00	1,658,960.00

Earned surplus

December 31st, 1937	.		\$ 20,939,890.51
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F O R D M O T O R C O M P A N Y

BALANCE

A S S E T S

December

CASH AND BONDS

Cash on hand and in banks	\$ 3,293,708.42	
Bonds issued or guaranteed by the Federal, Provincial or Municipal Governments in Canada - at not more than cost	6,965,376.63	
(Market value \$ 6,782,232.45)		
Interest accrued on bonds and bank balances	28,391.49	\$ 10,287,476.54

ACCOUNTS RECEIVABLE

Notes, drafts and open accounts less reserve for doubtful debts	1,083,534.63	
Customs drawback and refund claims	573,726.45	
From overseas subsidiary companies - fully covered by cash, net current accounts and inventories of those companies	5,208,763.38	6,866,024.46

INVENTORIES - as determined and certified by company officials based on physical count at September 30th, 1937, adjusted for changes to December 31st, 1937, and priced at not more than the lower of cost or market value		6,483,195.82
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DEFERRED CHARGES, ETC. - including expenditures on account of 1938 production		468,414.14
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SHARES OF SUBSIDIARY COMPANIES fully paid		9,129,978.80
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LAND, BUILDINGS, MACHINERY AND EQUIPMENT - at not more than cost		32,935,178.63
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PATENTS		1.00
		\$ 66,170,269.39

AUDITORS' REPORT

We have audited the accounts of Ford Motor Company of Canada, Limited for the year ended December 31st, 1937, and in our opinion the accompanying balance sheet and related statements of income and expenditure and earned surplus for the preceding year, so as to exhibit a true and correct view of the state of the company's affairs at December 31st, 1937, in all material aspects, and the explanations given us and as shown by the books.

As required by the Dominion Companies Act, Section 114, we report that net profits of subsidiary companies and dividends received from those companies as shown in the statement of income and expenditure, and in the aggregate, are correct.

Toronto, Canada, March 9th, 1938

OF CANADA, LIMITED

SHEET

31st, 1937

LIABILITIES

ACCOUNTS PAYABLE

Purchase creditors, accrued expenses and pay rolls	\$ 5,609,020.88	
Taxes payable in Canada	<u>776,266.13</u>	\$ 6,385,287.01

RESERVES

Depreciation of buildings, machinery and equipment	21,215,991.87	
Investments	<u>1,000,000.00</u>	22,215,991.87

GENERAL RESERVE		3,250,000.00
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CAPITAL

Authorized :

1,900,000 shares class "A" no par value

100,000 shares class "B" no par value

Issued and fully paid :

1,588,960 shares class "A" no par value	}	13,379,100.00
70,000 shares class "B" no par value		

EARNED SURPLUS	<u>20,939,890.51</u>	34,318,990.51
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CONTINGENT LIABILITY

for uncompleted portion of plant under
construction contracted for to date \$ 340,000.00

Approved on behalf of the Board,

\$ 66,170,269.39

W. R. CAMPBELL,
DIRECTOR

G. E. DICKERT,
DIRECTOR

TO SHAREHOLDERS

On December 31st, 1937, and have received all the information and explanations we have required. We report that in the accounts have been drawn up in accordance with accepted principles of accounting and on a basis consistent with the financial statements for 1937, and of the results of its operations for the year ended on that date, according to the best of our knowledge and belief.

The accounts of the companies for the year ended December 31st, 1937 have been taken into account only to the extent of the dividends which were in excess of such dividends.

Clarkson, Gordon, Dilworth & Nash,
Chartered Accountants

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Annual Report of the company for the year ended December 31st, 1937, including a statement of income and expenditure, a statement of earned surplus, and a balance sheet certified by your auditors, is submitted herewith by the Board of Directors.

Net profit for the year amounted to \$3,773,043.41. This compares with net profit of \$3,358,469.97 for the previous year. Earnings per share were \$2.27 in 1937, as compared with \$2.02 in 1936 and \$1.17 in 1935.

Income and Expenditure—Gross operating income amounted to \$46,212,457.93 and sales of automotive units, including sales to subsidiary companies, totalled 74,098. This compares with gross income of \$37,465,682.24 and unit sales of 59,971 in 1936. Net operating income, including dividends received from subsidiary companies, totalled \$4,101,694.98, as compared with \$3,542,371.94 in 1936.

Dividends received from subsidiary companies in 1937 amounted to \$3,429,489.43 in comparison with \$2,517,351.49 in 1936, an increase of \$912,137.94. Earned surplus remaining on subsidiary companies' books at the end of 1937 after payment of dividends was \$2,205,023.00. Net operating profit of the Canadian factory and branches was \$672,205.55 in 1937 as compared with \$1,025,020.45 in 1936, a decrease of \$352,814.90.

Substantial increases in costs of materials and labor in 1937 reduced the ratio of profit as compared with 1936. Increased prices in 1937 were insufficient to cover these higher costs.

The extensive building programme in progress during the year resulted in a considerable amount of incidental expense being absorbed in the year's operations.

Assets—Cash and bonds totalled \$10,287,476.54, a decrease of \$2,586,307.32 during the year, accounted for by expenditures on account of plant expansion. Market value of bonds was \$183,144.18 below the carrying value. An ample reserve has been provided for any loss likely to be sustained on final disposition of our securities. Receivables decreased \$339,559.65, the reduction occurring in outstanding customs drawbacks, notes and open accounts. Inventories increased \$1,552,058.45 reflecting increased volume of business in 1937 and the higher costs of materials and labor.

Included in deferred charges are expenditures for tools pertaining to 1938 production. Such expenditures will be entirely absorbed in 1938.

Investment in shares of subsidiary companies increased by \$609,154.62 and now totals \$9,129,978.80. Additional working capital was provided for Ford Motor Company of India, Limited by purchase of further shares in that Company amounting to \$464,877.80 increasing our investment to \$555,263.39. Shares in Ford Motor Company of Malaya, Limited were purchased for the same purpose amounting to \$144,276.82 which increased our total investment in that Company to \$200,394.90.

Increases in fixed assets, consisting of land, buildings and equipment amounted to \$5,403,949.10. Principal expenditures were for construction and equipment of the new body building and final assembly plant and further installations connected with the power house expansion and modernization programme. Included also are progress payments in respect of the new branch assembly building at Vancouver, B. C., and sundry replacements of and additions to machinery and equipment. Deductions were made for fixed assets sold or otherwise disposed of, amounting to \$430,920.22, leaving a net increase in the account of \$4,973,028.88 for the year.

FORD MOTOR COMPANY OF CANADA, LIMITED

Liabilities—Accounts payable increased \$1,691,155.59 as the result of increased inventories and plant expansion.

Reserve for depreciation now totals \$21,215,991.87, an increase of \$204,762.10. Disposal of plant items, largely depreciated, accounts for the difference between the amount of depreciation charged during the year, namely \$608,174.83, and the increase in the reserve account.

Earned Surplus—The increase in earned surplus for the year was \$2,114,083.41.

Dividend disbursements during the year amounted to \$1.00 per share, consisting of four regular quarterly dividends of twenty-five cents (25c) per share.

For the Directors

W. R. CAMPBELL

PRESIDENT

Windsor, Ontario,
March 21st, 1938.



